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06/13/24

Accrual Basis

**Pump Systems Management, Inc.**  
**Profit & Loss**  
**January through May 2024**

JUN 13 2024

CLERK, U.S. BANKRUPTCY COURT  
 NORTHERN DISTRICT OF TEXAS

		Jan - May 24
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>40700 · Sales</b>		152,605.75
<b>Total Income</b>		152,605.75
<b>Cost of Goods Sold</b>		
<b>50000 · Cost of Goods Sold</b>		96,051.75
<b>Total COGS</b>		96,051.75
<b>Gross Profit</b>		56,554.00
<b>Expense</b>		
<b>62000 · Bank Charges</b>		5.00
<b>67000 · Insurance expense</b>		15,000.00
<b>68500 · Legal and Professional Exp</b>		270.00
<b>72000 · Payroll Tax Expense</b>		-113.88
<b>72500 · Penalties and Fines Exp</b>		51.00
<b>Total Expense</b>		15,212.12
<b>Net Ordinary Income</b>		41,341.88
<b>Other Income/Expense</b>		
<b>Other Expense</b>		
<b>Obsolete Inventory Adjustment</b>		177,000.00
<b>Total Other Expense</b>		177,000.00
<b>Net Other Income</b>		-177,000.00
<b>Net Income</b>		<b>-135,658.12</b>

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Accrual Basis

**Pump Systems Management, Inc.**  
**Balance Sheet**  
**As of May 31, 2024**

	<b>May 31, 24</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
10100 · First United Bank	-4,392.74
10200 · Operating	110.02
10400 · Petty Cash	50.00
<hr/>	
Total Checking/Savings	-4,232.72
<b>Accounts Receivable</b>	
Other Receivable	299.45
11000 · Accounts Receivable	<hr/> 1,219,687.37
<hr/>	
Total Accounts Receivable	1,219,986.82
<b>Other Current Assets</b>	
Other Intercompany Items	-50.00
11200 · Inventory Asset	298,512.30
14213 · INTERCOMPANY RPM	-49,323.03
14214 · INTERCOMPANY RTC	<hr/> 395,366.54
<hr/>	
Total Other Current Assets	644,505.81
<b>Total Current Assets</b>	<hr/> 1,860,259.91
<b>TOTAL ASSETS</b>	<hr/> <b>1,860,259.91</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 · Accounts Payable	<hr/> 1,155,887.21
Total Accounts Payable	1,155,887.21
<b>Other Current Liabilities</b>	
BancFirst Default Interest	800,000.00
Intercompany REECO Liability	142,168.35
Intercompany RENTZEL PROP Liab	4,110,373.42
Intercompany RPM Liabiltiy	796,546.56
Kabbage	69,601.12
Loan from Rentzel Prop	120,853.88
24000 · Current Portion LTD	<hr/> 108,622.80
Total Other Current Liabilities	<hr/> 6,148,166.13
<b>Total Current Liabilities</b>	7,304,053.34
<b>Long Term Liabilities</b>	
BancFirst 16267500 Equipment	96,050.58
BancFirst 16267600 LOC	678,643.47
27900 · Less Current Portion	<hr/> -108,622.80
<hr/>	
Total Long Term Liabilities	666,071.25
<b>Total Liabilities</b>	7,970,124.59
<b>Equity</b>	
30010 · Common Stock	1,000.00
30020 · Paid-In-Capital	122,560.52
39000 · Retained Earnings	-5,033,251.39
39100 · SHAREHOLDERS DIST	-1,064,515.69
Net Income	<hr/> -135,658.12
<hr/>	
Total Equity	-6,109,864.68
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<hr/> <b>1,860,259.91</b>

## History of Pump Systems Management, Inc.

On May 14<sup>th</sup>, 1997 Pump Systems Management, Inc. (PSM) was formed to provide consulting and pump distribution sales and service to the Industrial, Mining and Municipal Water markets in the southwestern United States. Among dozens of clients, PSM's customer base included the City of Amarillo, TX. City of Santa Fe, NM. City of Gallup, NM. The City of Scottsdale, AZ. City of Edmond, OK. Phelps Dodge (Copper) Morenci, AZ. City of Tucson, AZ. City of Chandler, AZ the IOCHEM Corporation (Iodine), BASA Resources, Apache Corporation, and Nucor Steel.

In 1998, the first full year of operations, PSM achieved \$1,119,992.00 in revenue. From Fiscal Year (FY) 1998 to FY 2023, PSM had achieved \$80,204,914.00 in gross revenue or \$3,208,196.56 average revenue per year. During the same period of time, PSM grew from two (2) employees in 1998 to twenty-six (26) employees with peak annual revenue of just over \$8,030,000.00.

In 2018, a major customer of twenty-one (21) years, breached a contract with PSM leaving PSM with over \$1,200,000.00 in dedicated inventory plus the bank debt that was incurred to purchase the inventory for said customer. In addition to the inventory cost, PSM's overhead cost included but was not limited to our employees (service technicians, engineers), office/shop lease, equipment, service vehicles and service tooling.

In 2019, BancFirst filed a law suit against PSM and by early 2020, COVID severely impacted our markets and business. PSM did not take money from the Payroll Protection Plan (PPP) or the EIDL. As a result of unexpected loss of revenue due to the breach of contract, and several years of expensive litigation coupled with impact of COVID on our business, PSM has had to restructure its business.

Currently, most of our customers markets are experiencing record high growth and prices for their products. As a result of these very favorable "tail winds" activity across all markets is very high. With the combination of excellent market activity coupled with the significant reduction in overhead expenses plus restructuring under the Small Business Recovery Act Chapter 11 Subchapter V, we reasonably expect to refocus on our business opportunities, rebuild PSM, and return to long term growth and profitability.